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RR RUEHAG RUEHDF RUEHIK RUEHLZ RUEHROV
DE RUEHHE #0150/01 0641450
ZNR UUUUU ZZH
R 051450Z MAR 07
FM AMEMBASSY HELSINKI
TO RUEHC/SECSTATE WASHDC 3034
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHNY/AMEMBASSY OSLO 4685
RUEHRK/AMEMBASSY REYKJAVIK 0289

UNCLAS SECTION 01 OF 03 HELSINKI 000150

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E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [FI](#)

SUBJECT: FINLAND'S MARCH ELECTION: SDP LIKELY TO TAKE
CHARGE -- IN SPITE OF THEMSELVES

11. (SBU) Summary: The latest polls give Finland's Social Democratic Party (SDP) a chance to win the March 17 election, but the popularity of Center Party (CEN) PM Matti Vanhanen seems to indicate that the SDP will more likely come in a very close second. But in the follow-on negotiations to form a new government, look for the SDP to come away a winner. Entrenched in government for nearly all of the past 60 years, the SDP boasts arguably the most experienced bureaucrats, best political negotiators, and a certain intangible pride of place in "being in government" that pundits across the spectrum acknowledge. Oddly, despite these advantages, the Social Democrats face their own internal challenges, including the retirement of their major party heavyweight, a leadership often divided on key issues, and the persistent unpopularity of party leader Eero Heinaluoma. Given these challenges, we expect the SDP to come just short of winning the election. But in Finland, second is good enough for the SDP to ensure itself a dominant role in the governing coalition, snap up key ministries and in many ways take charge. End Summary.

A DEAD HEAT IN THE POLLS, BUT ADVANTAGE VANHANEN

12. (U) Two weeks before the Finnish Parliamentary election, the polls are forecasting few surprises. The Center Party (CEN) and the Social Democrats (SDP) -- the main partners in the current government coalition -- are tied for the lead, with each likely to grab about 24 percent of the vote. This puts them safely ahead of the Conservative Party (CONS), which will likely score about 19 per cent. None of the parties will reveal a word about the back-room negotiations which by now are well underway regarding possible future governing coalitions, but most pundits are anticipating the return of an CEN-SDP led coalition, with some combination of smaller parties invited along to ensure an ample parliamentary majority.

13. (SBU) While the polls show a statistical dead heat, observers across the spectrum give the ultimate edge to CEN, thanks to the great popularity of PM Matti Vanhanen (see reftel A). More than 60% of voters, regardless of party affiliation, say they would like to see Vanhanen return as PM. In 2003, without a "political superstar," CEN edged the SDP by a mere one parliamentary seat, and with Vanhanen having emerged as something of a star, we expect CEN to edge SDP again by a razor thin margin.

HISTORY AND EXPERIENCE FAVOR THE SDP

14. (SBU) Yet even with a second place finish, the SDP has a way of coming out a winner. In 2003, the SDP had its own superstar in the form of incumbent PM Paavo Lipponen -- the man who, as PM from 1995 to 2003, guided Finland

into the EU; presided over the GOF's successful first EU Presidency; strengthened trans-Atlantic relations; and delivered on a range of domestic issues that, among other things, helped pull Finland out of the devastating recession it suffered following the collapse of the Soviet Union. Lipponen and the party were shocked when CEN won -- but they regained their footing immediately, and by all accounts promptly went on to outfox CEN during the coalition negotiations: CEN had earned the Premiership through the ballot box, but SDP maneuvered itself into almost all the other key posts, including Speaker of Parliament and the Ministries of Education, Justice, Interior, Foreign Affairs and Finance.

15. (SBU) CEN strategists insist to us that regardless of whether they finish first or second, they do not intend to get outmaneuvered by the SDP again. Nevertheless, politicians and commentators from across the spectrum marvel at the SDP's consistent ability to get their hands on the controls of government regardless of whether they sit atop the coalition or play second fiddle. Having served in nearly every government coalition since 1950, the SDP boasts by far and away the broadest grouping of experienced politicians with ministerial-level experience, as well as the most bureaucratic and technocratic government expertise at lower levels. The party has rotated its activists in and out of ministerial posts and other key positions for decades, skillfully seasoning up-and-comers while also balancing their nominations with very experienced subject matter experts. The result has been both governments that can deliver for voters, as well as a party machinery that knows in advance what posts it needs in order to implement the key parts of its agenda. In addition to these factors, our CONS and CEN contacts admit that they always enter post-

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election negotiations that lead to forming the government at a disadvantage. CONS suffers from least government experience in the past half-century, while CEN arguably boasts the best nation-wide electoral machinery but lacks national-level technical experience and a certain political "eye for the game." By contrast, as one CONS candidate put it, the SDP simply "expects itself to be in government," and thus enters the negotiations with an intangible but real advantage.

IN THE DRIVER'S SEAT -- DESPITE THEMSELVES

16. (SBU) Yet in 2007, despite these historical and bureaucratic advantages, the SDP faces tough internal challenges that could hurt it at the polls. Most importantly, the SDP is not only running without a "political superstar"; it is led by something of an "anti-superstar." With Speaker Lipponen retiring, the SDP faces a double-whammy: first, it loses its single largest vote winner, in a parliamentary system that rewards the whole party for individual candidates' successes; and second, Party Leader Eero Heinaluoma, the party's de facto PM candidate, simply cannot shake a persistent unpopularity with voters. Heinaluoma, who comes from the powerful labor wing of the SDP, has proven himself a tough debater, a master of his issues as Finance Minister, and a respected campaign strategist. However, polls asking "Who would make the best PM?" consistently place him near the bottom of the eight-party field -- as many as a whopping 50 percentage points behind PM Vanhanen, and consistently behind the CONS superstar, candidate Sauli Niinisto, who is not even his party's PM candidate. Moreover, polls in Heinaluoma's Helsinki district show him likely to capture just over -- or maybe just under -- the roughly 6000-vote threshold he would need to get elected. This has opened up the potentially very embarrassing possibility that SDP Leader Heinaluoma might not even win a seat in Parliament -- in a district where his predecessor Lipponen won more than

30,000 votes for himself and the party in 2003.

17. (SBU) In addition to Heinaluoma's lack of popularity, the SPD is finding it difficult to deliver a unified message on several issues. On foreign and security policy (FSP), the party is badly divided between Lipponen's disciples, who favor NATO membership and stronger trans-Atlantic ties but fear that saying so will cost them votes, and others like Tuomioja and President Tarja Halonen who are clearly luke-warm on those issues. However, the party has rather effectively papered over these differences and, more importantly, succeeded in colluding with rival parties to keep a real FSP discussion off the agenda until after the election.

18. (U) Of greater concern to voters, in any case, a varied basket of domestic issues, including elder care and pensions; immigration; jobs and taxes; nuclear power; education; Finland's place in the EU; and the role of Swedish language in Finnish culture. And on many of these SDP leaders have been all over the map. Just two examples: (1) On immigration, many SDP candidates have called for more liberal policies, in large part to bring in workers to help finance the expensive Finnish welfare state model -- a point of SDP pride -- in the face of a shrinking workforce and aging population. However, Heinaluoma has joined his long-time labor colleagues in voicing skepticism about foreign workers who might compete with Finns for jobs, while SDP Interior Minister Kari Rajamaki has called for almost draconian measures to cut down on the already-scant numbers of immigrants who do come to Finland. (2) On nuclear power, Lipponen and others have consistently supported increases in capacity -- to include building a sixth reactor -- both to meet Finland's energy needs and as a way to mitigate green house gas emissions; yet almost simultaneously, President Halonen (who, as President, is theoretically supposed to rise above the fray of party politics but can never resist an occasional plunge) has called for limiting nuclear power.

Whither FM Tuomioja?

19. (SBU) Perhaps ironically, Foreign Minister Erkki Tuomioja has emerged well ahead of Heinaluoma as the SDP's potential heavy hitter, both in terms of delivering a consistent message and as a magnet for votes. Tuomioja is an ideological counterweight to Lipponen on security policy and trans-Atlantic relations, to be sure. However, as a politician, his star has risen dramatically in recent months. Tuomioja's mastery of international

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issues, his leadership during the Finnish EU Presidency, and his reputation as an intellectual have earned him extremely high domestic approval ratings. In recent weeks alone, Finland's most widely read news magazine rated Tuomioja the GOF's most effective minister; a historical novel Tuomioja penned was chosen for Finland's most prestigious literary prize; and polls have shown that Tuomioja will quite likely be the SDP's number one vote-getter. Foreign Ministry and SDP party sources still tell us that Tuomioja is unlikely to return to the MFA, as he announced late last year. However, if his coattails carry the SDP in the way party strategists are beginning to hope, he will be able to demand his post of choice in any SDP coalition government.

COMMENT: SDP - IN GOVERNMENT AND OF GOVERNMENT

10. (SBU) Despite internal divisions and a lack of star power, look for the SDP to come out well following the March elections. Threats by CONS and CEN to form a "non-socialist" coalition in the run-up to the election (Reftel B) have largely faded, and at least at this point the election appears to be an every-party-for-itself

affair. And while the exact breakdown of the final results may be tough to call, the easy bet appears to be the SDP back in government, either as the leader of the coalition or as a secondary but in many ways dominant partner. END COMMENT.
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